

ALABAMA MEDICAID AGENCY
Medical Care Advisory Committee Meeting
Wednesday, September 26, 2007

Commissioner Carol Steckel called the meeting to order at approximately 1:30 p.m. in the Medicaid Boardroom.

Members Present

Carol Steckel, Alabama Medicaid Agency
Pattisue Carranza, Alabama Pharmacy Association (via teleconference)
Lawrence Gardella, Legal Services Corporation of Alabama
Louise Jones, Alabama Pharmacy Association
Cary Kuhlmann, Medical Association of the State of Alabama
Linda Lee, Academy of Pediatrics
Marsha Raulerson, MD, Medical Association
Robert Moon, MD, Alabama Medicaid Agency
Tom Miller, MD, Alabama Department of Public Health
Richard Powers, MD, Alabama Department of Mental Health (via teleconference)

Members Absent

Jim Carnes	Jolene James
Irene Collins	Roosevelt McCorvey, MD
Louis Cottrell, Jr.	Holly Midgley
Joe Decker	J. A. Powell, MD
Mary Finch	Steve Shivers
A. Z. Holloway, MD	Wilburn Smith, Jr., MD
Mike Horsley	Page Walley

Others in Attendance

Cathy Caldwell	Paige Clark
Kim Davis-Allen	Tiffany Minnifield
Karen Wainwright	Henry Davis
Robin Rawls	Patricia Jones
Lee Maddox	Clemice Hurst
Bill Butler	Beverly Churchwell
Marilyn Chappelle	Representative from Pharma-Purdue

Opening Remarks

Commissioner Steckel expressed appreciation for those present and participating in the activities of the Agency. Cathy Caldwell of the Alabama Department of Public Health (AllKids) was invited to give an update on the State Children's Health Insurance Program (SCHIP) authorization. The Medicaid Agency has been working very closely with Dr. Williamson and Ms. Caldwell on this issue. Commissioner Steckel thanked Ms. Caldwell for taking time out of her busy schedule to attend this meeting.

Agency Update

Commissioner Steckel reported that the Medicaid Agency has been barraged recently by an influx of regulations and laws. There are two new phenomena in the federal process. First, in the budget process for the first time, the president has put into his budget regulations. Normally, this wouldn't be a problem because regulations can be undone by Congress, but when it is put in the budget, it is then scored. And then under the pay go rules, Congress would have to come up with savings in order to undo the regulations that the President has wanted to do, which is very complicated. A lot of the regulations that the Agency is dealing with, where routinely we'd go to Congress (whether republican or democratic) and Congress would tell CMS that they couldn't do certain things; this has become extremely complicated and difficult to do.

The other phenomenon that has occurred is that the conference committee is coming up with pieces of legislation that is getting passed. The biggest one was Medicare Part D. The claw back provision of Medicare Part D was a conference committee action. This year, they followed up with the tamper-resistant prescription pads, which was in the Iraqi War Supplemental Bill as a conference committee add-on. No one thought we would have to start reading the Iraqi War Supplemental bills. Commissioner Steckel said she is very grateful for the Medical Association, Pharmacy Association, and all involved in working together to resolve the complications that come up with this piece of legislation. In Alabama, agencies have worked very well together and have resolved it for the short term. It appears that there may be some congressional legislation that may delay the implementation date. If this happens, it basically mirrors what Alabama is intending to do anyway.

Six regulations have come out this summer. One is the tamper-resistant prescription pads regulation. Another is the rehab option regulation. The direct impact is not yet determined; however, the impact will be more on Public Health, Human Resources, Youth Services, Rehab Services, and Mental Health because it changes what can be paid for by Medicaid under the rehab option. The Agency has been told that targeted case management and these types of services still will be paid for. However, instead of lumping under targeted case management, we will have to pay for each individual service and call it what it is and do a time study. This is very complicated. The Agency is working with all state agencies on responding to the Notice of Proposed Rule Making (NPRM) during the comment period. We are waiting to get comments back from Human Resources and Mental Health and then we will work with them to make sure the impact of that regulation is known both to the Governor and his policy staff and our congressional delegation. Right now, Commissioner Steckel does not have a report to give on what the direct impact is going to be. This is unusual because the impact is not directly on Medicaid, but on the sister agencies.

We have gotten through congress a year's delay on the unit of government regulation. This regulation changes or forces the states to define what is a public entity versus a private entity. This is important because the Agency generates almost \$300 million through our government or public entity hospitals. The Agency is working with the National Association of State Medicaid Directors (NASMD) and a variety of other entities to try to get this regulation changed or eliminated all together or to mitigate the impact on the funding mechanisms in Alabama.

Also, there is a non-emergency transportation regulation. This regulation will not impact Alabama because of the way it does non-emergency transportation. Another regulation is a school-based administrative claiming services regulation. The Agency is re-reviewing this regulation because we thought it was going to have a minor impact, but the school board thinks it is going to be a significant impact. Discussion has been held with other states on this issue and it is basically what Medicaid can pay for in a school setting both administratively and medically. A meeting is planned with the school board association next week to discuss the impact of this regulation. Needless to say, as Alabama moves forward with *Together for Quality* and other initiatives, working with the schools and school-based clinics or school based services is going to be very important to us.

In response to Dr. Raulerson's inquiry of whether this would be similar to mental health services where the counselor goes into the school and the services are paid for by Medicaid because the services was for a Medicaid recipient, Kathy Hall said that most services would be paid on a fee-for-service basis such as speech, occupational, and physical therapy.

Commissioner Steckel continued that we would have to look at it very carefully because, according to her peers in New Jersey, it basically would eliminate paying for anything in the school. Dr. Raulerson said that when a child turns three years old, all early intervention services in Alabama are paid for through the schools. Then when they move into grade school, services such as mental health would be paid. Commissioner Steckel said the Agency is working with the school boards on this issue.

Another regulation is the provider-specific tax regulation, which is still being analyzed. At first, it did not appear that this regulation would impact Alabama. However, we are learning that we have to take every regulation, read every word and be extra careful.

The Agency is gearing up and starting the process for the 2009 budget. The 2008 budget may have a small shortfall because the way Alabama, Louisiana, and Mississippi anticipated Katrina funding was different from the way CMS anticipated Katrina funding. The full impact of this shortfall is still being determined. At this point, it appears that it could be anywhere from five to ten million dollars.

Also, the Agency is back engaged with CMS regarding the hospital reimbursement system. It appears that the Agency will not be able to mitigate the six to ten million dollars. For 2009, the Agency is hovering around \$150 to \$250 million depending on the day. Earlier this week, instead of it being a \$25 million lost for the Agency for 2009, it appeared there may actually be a gain of about \$14 million – according to F-MAP calculations. Commissioner Steckel cautioned members regarding these figures because it has never been known to swing this much between the initial run and the second draft. A teleconference is scheduled with CMS to discuss this matter.

At this point, Commissioner Steckel introduced Dr. Robert Moon, new medical director to join Dr. McIntyre. A family practice physician from Montgomery, Dr. Moon joined the Agency on September 1, 2007, and has already made great contributions. Commissioner Steckel encouraged members to contact Dr. Moon if they have questions or need his assistance in interacting with the Medicaid Agency. Dr. Moon expressed appreciation for the opportunity

and said he is glad to work with the committee members. He also encouraged them to call if there is anything he can do to help. Dr. Moon's telephone number is 334-242-5619 and his e-mail address is Robert.Moon@medicaid.alabama.gov.

The *Together for Quality* grant is still going strong. The Request for Proposal (RFP) for the technical component was awarded to Affiliated Computer Services (ACS). However, the legislature placed a 45-day hold on the contract. On the 46th day, the Agency will move forward as planned.

The Agency submitted an ER diversion grant (Best PLACE) in collaboration with the Hospital Association and the Primary Care Association. Best PLACE is a grant that was in the Deficit Reduction Act (DRA) that provided resources for developing alternatives to emergency room usage. (See attached handout.)

This week, the Agency should learn whether or not we will receive a second *Together for Quality* grant. The Agency is starting to reach out to a variety of groups, basically anyone who can get legitimate money, to work with us. Because of the success of the *Together for Quality*, this is how the Agency is going to reform and turn around. Commissioner Steckel said the Agency would be delighted to collaborate with committee members on any ideas/opportunities that are in conjunction with Agency goals. The emergency diversion grant was written by Rosemary Blackmon of the Hospital Association and Mary Finch of the Primary Health Care Association; it was edited by the Medicaid Agency.

Kathy Hall mentioned the ABCD grant initiative. This is a collaboration of several agencies -- another example of agencies working together. Linda Lee mentioned that the ABCD grant is a technical assistance grant that Alabama received from The National Academy for State Health Policy. Basically, it provides technical assistance on how to make sure all policies in our state include developmental screening as a standard part of primary care services. There are four pilot sites in Alabama. The key is standardized developmental screening. Cathy Caldwell added that the National Academy of State Health Policy also has awarded Public Health and Medicaid a technical assistance grant to look at renewal/retention in both Medicaid and AllKids.

SCHIP Update

Cathy Caldwell mentioned that SCHIP on a national level was created as part of the Balanced Budget Act of 1997 and was authorized for ten years and \$40 billion. This authorization ends September 30, 2007. It is not certain what will happen by the end of the fiscal year. There will either be a reauthorization or some type of continuation resolution. Baseline funding is \$25 billion over five years. Congress would have to find steps to pay for anything above the \$25 billion. Every state is in agreement that this is not enough money to maintain the population that is currently served. Alabama, as well as most other states, would have to reduce enrollment in order to stay within that figure. The president's proposal is to add roughly \$5 billion to this amount for a total of \$30 billion, which is still not enough to maintain what's currently in place.

Two previous reauthorization bills have been passed; one by the Senate and one by the House. The Senate reauthorization bill added \$35 billion for a total of \$60 billion. The House original

reauthorization bill added \$50 billion for a total of \$75 billion. Now there is a compromise bill that was approved by the House of Representatives last night; the Senate will vote on it tomorrow. This bill is very similar to the Senate bill. Alabama feels that this would be sufficient money in order to continue covering the eligibility limits now covered. It also may be enough for some expansion. This bill is expected to pass; however, President Bush has continued to say he will veto the bill. Right now, it does not appear to be enough votes to override the veto. A continuing resolution is being worked on. At this time, it appears to be level funded.

Louise Jones asked what would happen to the eligibility of the children after September 30, how many children are enrolled, and if notices had been sent to these families. In response, Ms. Caldwell said they are waiting hour for hour to see what will happen, whether there is a reauthorization or a continuation. Approximately 59,000 children are enrolled in SCHIP at this time. Commissioner Steckel said she attended an Executive Committee meeting with Dennis Smith earlier and members were informed not to send notices to the recipients.

Additional discussion was held regarding this matter including the compromise bill lessening the burden on Medicaid regarding citizenship and identity. Ms. Caldwell said there has been discussion of bonus money whereby if a level of enrollment of uninsured kids is reached; there is incentive money to reach even more. This would also increase funding for Medicaid.

Commissioner Steckel expressed appreciation to Ms. Caldwell for her report.

Budget Update

Henry Davis reported that the regular session of the Alabama Legislature is scheduled to begin February 5, 2008, and end May 19, 2008. There has been some discussion of a 2007 special session in either October or November. Budget information on the national level was included in Ms. Caldwell's SCHIP report. The Agency is closely monitoring these activities.

Transformation Grant Update

Kim Davis-Allen reiterated that the technical component of the contract was awarded to ACS. Aggressive work will start around the end of October or the first of November. A lot of behind the scene work is being done at this time during this 45-day delay imposed by the legislature. The initial hope was to have the electronic clinical support tool (electronic medical record) up and running by March 2008 in pilot counties throughout the state. About two months after, the interoperability with other state agencies is slated to begin. The Agency is very excited about the ability to be able to share information electronically with other state agencies and streamline certain processes. Work is continuing in the five workgroups. There will not be an October stakeholders meeting. Updated information can be obtained through the Agency's website.

Commissioner Steckel mentioned that Microsoft is working through the Finance Department with the Department of Human Resources and Medicaid, and maybe Mental Health, to add to what transformation is starting to create -- interoperability among all state agencies.

Patient 1st Update

Paige Clark reported that Patient 1st staff is continuing to work with providers and recipients with any issues they may have. Currently, there are no major issues. The provider base for

PMPs is around 1,100 at this time. Regarding the in-home monitoring program, there are currently 103 recipients that are transmitting data. Efforts are ongoing to continue to market the program and get providers involved. A flyer has been developed to send out to get more recipients involved. The program targets diabetes and hypertension. Ms. Clark said she is working with Robin Rawls and staff with updates to the Agency's website and developing ways to make it more user-friendly for the recipients. It is hoped to include a "How do I" section. The next Patient 1st Advisory Council meeting is scheduled for 12:00 October 4, 2007, via teleconference. She invited committee members to participate. A tentative agenda has been sent. Reminders, which will include the call-in number for the teleconference, will be sent tomorrow.

Dr. Miller inquired about the diabetes USA project. Ms. Clark said she did not have the information with her, but would get a packet to Dr. Miller before the end of this meeting. (Later, Ms. Clark did provide this information to Dr. Miller.)

Pharmacy Update

Tiffany Minnifield reported that the Pharmacy Division has been working diligently preparing for the October updates. As of October 1, 2007, all non-electronic written prescriptions for Medicaid recipients will be required to be on tamper-resistant prescription pads. As outlined in the *Alert* that was sent to providers, these prescriptions must meet at least one of the characteristics by October 1, 2007; however, as of October 1, 2008, they must meet all three characteristics. Effective January 1, 2008, there will be a brand limit increase, which now will be five brands per month per recipient. There is no limit on generic drugs. The antiretroviral and antipsychotic prescriptions will still have a limit of 10. Also, the Pharmacy Division is preparing for the Synagis season, which will run from October 1, 2007 through March 31, 2008. The recipient may receive up to five doses in a six-month time frame. Providers were allowed to submit requests beginning September 1 and as of last week, over 1,500 requests for the season have been received.

The next Pharmacy & Therapeutics (P & T) Committee meeting is scheduled for November 14, and the next Drug Utilization Review (DUR) Board meeting is scheduled for October 24 at 1:30 at the Medicaid Agency.

Effective October 1, 2007, there will be an update to the Preferred Drug List (PDL). Tamiflu and Relenza will become preferred for the flu season (October through March). Also, on October 30, 2007, Dr. Paula Thompson of Samford University will be the guest speaker during the Pharmacy Services/HID quarterly CME program in Huntsville, Alabama. Dr. Thompson will speak on *Heart Failure*.

Commissioner Steckel added that the Agency is in the process of comprehending the AMP regulation and the changes in reimbursement to pharmacist for prescription drugs. The answer to this will not be known until probably November or December, but the change will have to be implemented by January 30, 2008.

Louise Jones wanted to know whether the Medicaid agency is working with or doing any outreach efforts regarding the prescription drug monitoring program that the Alabama

Department of Public Health is administering. Kelli Littlejohn said an announcement was sent via the listserv. More discussion ensued regarding this matter.

Long Term Care Update

Marilyn Chappelle gave a progress report on the activities of the Long Term Care Division. About a year ago, case managers began being allowed to go into institutions to provide case management services to individuals who are in the nursing homes or hospitals who may want to transition back into the community. In the past, CMS did not allow case managers to conduct case management activities in these settings and reimburse using Medicaid funds. Transitional case management has been added as an activity within the State of Alabama Independent Living (SAIL) waiver, which is operated by the Alabama Department of Rehabilitative Services; and the HIV/AIDS waiver.

HIV/AIDS waiver is one of the smaller waivers and had very low utilization. It is believed that one of the problems was that it had targeted case management, but not waiver case management. Effective October 1, 2007, case management has been added as a service to the HIV/AIDS waiver. In addition, transitional case management and homemaker will be added as a service. Hopefully, this will improve the utilization of this waiver. The HIV/AIDS waiver renewal was approved for five (5) years – effective October 1, 2007 through September 30, 2012.

The Elderly and Disabled Waiver (EDW) is also up for renewal. The expiration date is September 30, 2007; the Agency is awaiting approval from CMS. This waiver is the Agency's largest waiver. In the renewal, the Agency is asking for an additional 505 slots that were actually approved in the last legislative session. This would bring the total number of individuals that can be served under the EDW to 9,205.

Another legislative change that occurred during this last legislative session was the coverage of prosthetic, pedorthic, and orthotic devices for adults between the ages of 21 and 65. House Bill 211 provided funding to cover a limited number of basic items. Many of these items and devices are already covered for children. Coverage for adults should begin in March 2008.

Regarding the prior authorization transition, by October 1, 2007, the Agency will complete its transition of the non-pharmacy PA review process to APS Healthcare, contractor. APS Healthcare will process all prior authorizations except for pharmacy, dental services, illegal aliens, and augmentative communication devices. Processes and criteria have not changed. Providers must continue to submit any information which was previously submitted to EDS as an attachment.

Another component of the EDW and SAIL waivers is the "Personal Choices" Cash and Counseling program. The Agency has been involved in the development of this project for several years. As a result of the DRA, CMS allows Medicaid to provide self-directed personal assisted services for individuals to self direct their own personal assistant services. Alabama was the first state to get this program approved. This provision is included in the Medicaid State Plan, Section 1915(j). The program will include a lot of monitoring of services being provided. This pilot program is being conducted in seven counties: Bibb, Fayette, Greene, Hale, Lamar, Pickens, and Tuscaloosa. There are four services that can be self-directed under the EDW, they are personal care, homemaker, unskilled respite, and companion. For the SAIL

waiver, personal care and personal assistance services can be self-directed. At this time, skilled nursing services have not been added, although CMS gives Medicaid flexibility to do so. The Alabama Department of Senior Services and the Alabama Department of Rehabilitative Services will actually operate the program. The Alabama Medicaid Agency will administer the program.

A lot of this information is included on the Medicaid Agency's website at www.medicaid.alabama.gov or the Department of Senior Services website at www.adss.alabama.gov.

Committee Comments/Open Forum

Dr. Marsha Raulerson said she asked that an item discussed at the last meeting be placed on the agenda for today's meeting. At the last meeting Dr. Raulerson asked that the numbers to expand Medicaid benefits to adults up to 100 percent of the poverty level be reviewed. She said Commissioner Steckel agreed to run the numbers and reiterated that state and federal funding and staff workloads would also be a factor in expanding the program. Dr. Raulerson thinks it is imperative, since we are looking at another serious budget crisis for FY 2009, to look at what can be done to provide healthcare for people at 100 percent of the federal poverty level. A secondary issue deals with part of the SCHIP reauthorization which might make it possible to expand healthcare coverage to children up to 21 or maybe through age 21. Dr. Raulerson brought a chart of one of her patients to re-emphasize the need for expanding healthcare coverage to adults.

Dr. Raulerson made a plea that Medicaid look at expanding coverage to adults to at least 100 percent of the federal poverty level. She made a motion that the Medical Care Advisory Committee go on record recommending that for FY 2009 that Medicaid fund healthcare for all adults at 100 percent of the federal poverty level and that this be a part of the ongoing budget discussion. This is not saying that the Committee or the Medicaid Agency has to find the money, but that the Committee makes this recommendation. The motion was seconded by Cary Kuhlmann. Louise Jones said she understands and agrees wholeheartedly, but expressed concern that this not be at the expense of another ongoing program or a cut to providers. Cary Kuhlmann said that for most of his 10 years at the Medical Association, discussions have been held on moving from a "bare bones" program. Every goal has been to get enough funding to maintain the "bare bones" program, when it should have been looking at bettering the program. The purpose of this recommendation is to find out what's the price tag or target amount that needs to be discussed with the legislators and the Governor to say this is what needs to be done to provide coverage to adults. Blue Cross covers children up to age 25 as long as they are in school. Medicaid coverage stops at age 19; however at age 19, some children are still in high school. This forces these children to go to the emergency rooms for medical care. It is not the Medicaid Commissioner's job to find funding.

Following the debate, the recommendation received a unanimous vote from the Committee. Commissioner Steckel said the recommendation will be reflected in the official minutes. However, this is an advisory board only and it will not be this Agency's recommendation to the legislature to expand coverage to adults at 100 percent of the federal poverty level or to expand coverage to children from 19 to 21. Both of the suggestions are meritorious and Commissioner Steckel said the numbers will be placed in a formal document and provided to everyone on the Committee before the next meeting.

Commissioner Steckel reminded the Committee that 98 percent of funds in the State are earmarked. Even if the Governor wanted to reallocate resources (which he does), he cannot because he does not have control over how the money is spent. She cautioned that when discussion is held regarding the General Fund, also look at the fact that Alabama has two budgets and is the only state in the nation where 98 percent of the resources are earmarked before the budgeting process is even started. In 2009, it is anticipated the General Fund will grow by \$30 million.

Lawrence Gardella inquired about the possible changes in the citizenship and identity (C & I) requirements. Specifically, he wanted to know how many people are still being denied or terminated each month in Alabama on the basis of C & I. Commissioner Steckel apologized for not having exact figures and explained that the eligibility staff was at EDS testing the new eligibility system. Initially, about 5,000 (mainly children) were removed. Within the first two months, almost half of the children were added back. The exact numbers will be submitted to the Committee along with the numbers regarding the expansion costs.

Closing Remarks

Commissioner Steckel asked Committee members to add Mike Lewis to their prayer list. Mike is currently in Jackson Hospital and has taken a very dramatic turn for the worse. She asked that they keep Stacey, Matthew, and Jonathan in their prayers. Dr. Raulerson said she had visited him while at UAB. Dr. Raulerson mentioned that Mary Ann Holt recently passed.

There being no further business to discuss, Commissioner Steckel thanked everyone for coming and adjourned the meeting at 3:05 p.m.

Respectfully submitted:

Carol H. Steckel, Commissioner

Patricia S. Jones, Recorder

Attachment:

Best PLACE Handout